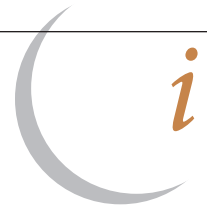


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# Introduction



*This volume of the Federal Student Aid (FSA) Handbook discusses the eligibility requirements for students and parent borrowers and your responsibilities to ensure that recipients qualify for their aid awards.*

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## SOURCES OF INFORMATION

There are many factors you must consider when reviewing an application for aid from the FSA programs, such as whether the student is a U.S. citizen or permanent resident, whether the applicant is making satisfactory academic progress, and whether he or she has a defaulted FSA loan. To answer these questions, you will receive information about the student from different sources, including the Department of Education's Central Processing System (CPS) for financial aid applications and the National Student Loan Data System (NSLDS).

Throughout the year, the Department of Education (The Department) provides updates for schools in the form of Dear Colleague Letters (DCLs). These and other releases, such as *Federal Register* notices and electronic announcements, contain system updates and technical guidance, and are available on the FSA Partner Connect website ([fsapartners.ed.gov](https://fsapartners.ed.gov)).

The FSA Handbook does not cover the operation of software. For schools using software provided by the Department, there are technical references on FSA Partner Connect that explain how the software operates. Schools using third-party software should consult the vendor's reference materials for technical guidance.

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## Program and systems information on the Knowledge Center

### Knowledge Center's Software & Other Tools

Software:

- Direct Loan Tools
- EDconnect
- EDExpress for Windows
- SSCR for Windows

Technical References and User

Guides for:

- CPS (ISIR, Summary of Changes, etc.)
- COD
- Electronic Data Exchange
- EDExpress Packaging

- Federal Registers
- Electronic Announcements
- Dear Partner/Colleague Letters
- FSA Assessment modules

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### **FSA COACH Fundamentals**

FSA COACH Fundamentals, a self-paced, comprehensive online guide to the Title IV programs, has been updated for domestic schools. For more information, see: <https://www2.ed.gov/offices/OSFAP/training/newfaps.html>

## **COVID-19 GUIDANCE AND WAIVERS**

The Department of Education recognizes that the ongoing COVID-19 pandemic has created many unique challenges for postsecondary institutions. The Department has provided a variety of special guidance and regulatory flexibilities due to the President’s declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress has passed legislation offering relief from certain statutory requirements related to the Title IV, HEA programs.

Generally speaking, the COVID-19 flexibilities and waivers remain in effect until September 30, 2021, or until otherwise extended. As of the date of publication of this Volume of the *FSA Handbook*, the COVID-19 national emergency is still in place. For more details, see the Electronic Announcement of January 15, 2021, and the websites listed below.

For COVID-19 related guidance, including waivers and exemptions of normally applicable Title IV rules, please see the following webpages:

- The Department of Education’s COVID-19 Information and Resources for Schools and School Personnel:  
<https://www.ed.gov/coronavirus?src=feature>
- Office of Postsecondary Education COVID-19 Title IV FAQ:  
<https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

## RECENT CHANGES

Here are some of the significant changes to *Volume 1 for 2021-2022*:

### FAFSA Simplification Act:

In December, 2020, the FAFSA Simplification Act was enacted into law as part of the Consolidated Appropriations Act of 2021. The FAFSA Simplification Act amended Section 484 of the Higher Education Act of 1965 (HEA), making three important changes to student eligibility criteria which will be described in the 2021-21 edition of Volume 1:

1. Elimination of the prohibition on receiving Title IV aid for students with drug-related convictions (for more on this change see chapter 1);
2. Elimination of the requirement, for Title IV eligibility purposes, that male students register with the Selective Service system before the age of 26 (for more on this change, see chapter 5); and
3. Elimination of the Subsidized Usage Limit Applies (SULA)/150% rule for Direct Loan eligibility (for more on this change, see chapter 6).

For more information on each of these changes, see the descriptions in each chapter, and Dear Colleague Letters DL-21-04 and GEN-21-04 on the Knowledge Center.

### Chapter 1:

- Clarified methods of checking the validity of a high school diploma and added regulatory citation (34 CFR 668.16(p))
- Noted that state processes for Wisconsin and Washington have been approved for ATB alternatives purposes
- Added information on new approved ATB tests, including updates to the ATB chart and Electronic Announcement & Federal Register citations
- Added guidance on rounding for SAP purposes
- Clarified SAP guidance on pass/fail coursework, maximum time-frame, and COVID-19-related SAP flexibilities
- Added Q&A item to SAP Practices FAQ—Late disbursements for students who fail SAP and become ineligible
- Described the elimination of the prohibition on receiving Title IV due to drug convictions, per the FAFSA Simplification Act
- Added description of enrollment status for subscription-based programs; full discussion of subscription-based terms will be in Volume 3

- Clarified and updated guidance on incarcerated students. Added definition of juvenile justice facility and added regulatory citation to 34 CFR 600.2
- Moved “Eligibility requirements for specific educational programs” chart from the end of this chapter to chapter 6 of Volume 1
- Deleted the section on “Religious order student eligibility,” which described restrictions on the Title IV need of students in religious orders. These restrictions have been rescinded; the changes are described more fully for each Title IV program in chapter 6 of Volume 1.

## **Chapter 2:**

- Updated and clarified guidance on the Battered immigrants-qualified aliens category of eligible noncitizen
- Updated guidance on “ineligible statuses” in the “Interpreting the SAVE response” section of the chapter
- Updated references for students who need to update or replace DHS documents

## **Chapters 3:**

- Clarified Parent PLUS credit check, default, and adverse credit history guidance
- Added additional guidance for the DI (disability) and DS (defaulted, then disabled) NSLDS loan status codes: For each of these, students may be eligible for further Title IV aid, but for each, disbursing further aid within the three-year monitoring period may revoke the discharge

## **Chapter 4:**

- Clarified SSN guidance for students from the Freely Associated States

## **Chapter 5:**

- Most of the guidance in this chapter has been removed due to the FAFSA Simplification Act—Male students who fail to register with selective service before the age of 26 are no longer ineligible to receive Title IV aid

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**Chapter 6:**

- Clarified and updated guidance on eligibility for incarcerated students, including regulatory definition of juvenile justice facility
- Added note on Pell eligibility for incarcerated students: The Department is aware of changes to the HEA made by the Appropriations & Emergency Coronavirus Relief Act (passed December, 2020), which restores Pell eligibility for certain individuals incarcerated in State and Federal penal institutions. This change has not yet been implemented. We will provide further guidance at a later date.
- Clarified adverse credit history and default guidance in the Adverse credit history for Direct PLUS section
- Updated guidance on potential eligibility for students who are members of religious orders for Pell Grants, Direct Loans, and Campus-Based programs, as a result of the regulatory package published on August 14, 2020: Previous regulations had considered members of religious orders to have no financial need. These students can now be considered to have financial need, in accordance with Part F of Title IV of the HEA, and can be eligible to receive Pell, Direct Loan, and Campus-Based funds, if they meet all other student and program-specific eligibility criteria
- Added notes for Children of Fallen Heroes and the Iraq & Afghanistan Service Grant: The Department is aware of the Appropriations & Emergency Coronavirus Relief Act (passed Dec. 2020), which changes the age qualifiers for CFH/IASG from 24 to 33; however this change has not yet been implemented. We will provide further guidance at a later date.
- Added note regarding Pell LEU restoration and related issues: The Department is aware of the Appropriations & Emergency Coronavirus Relief Act (passed Dec. 2020), which codifies Pell LEU restoration when a student's school closes, but extends eligibility for restoration when eligibility for the Pell Grant was "falsely certified" and when the recipient also has a loan discharged due to borrower defense; however this change has not yet been implemented. We will provide further guidance at a later date.
- Due to the FAFSA Simplification Act, the SULA/150% limit has been eliminated, and most of the guidance in chapter 6 which had described the 150% limit has been deleted. The change will be discussed in greater detail in the 2021-22 edition of Volume 3 of the FSA Handbook.
- Revised and updated guidance on TEACH Grant eligibility, including information about eligibility for individual students, the agreement to serve or repay, and fulfilling the service obligation

- Added several specific regulatory citations for the various aspects of administering the TEACH Grant program
- Moved “Eligibility requirements for specific educational programs” chart from chapter 1 of Volume 1 to the end of this chapter
- Updated guidance on defining correspondence courses
- Updated guidance on distance education coursework and instruction

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**Questions or comments?**

If you have any comments regarding the FSA Handbook, please contact Research and Publications via email at [fsaschoolspubs@ed.gov](mailto:fsaschoolspubs@ed.gov).